

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON D. C.

BAE

NOVEMBER 1948

Oct. 1948

Approved by the Outlook and Situation Board, November 1, 1948

CONTENTS			
	Page		Page
Summary.....	1	Corn and Other Feed.....	10
Output and Employment.....	3	Wheat.....	10
Income and related factors.....	4	Fruit.....	11
Commodity prices.....	4	Commercial Truck Crops.....	12
Farm income.....	7	Potatoes and Sweetpotatoes.....	13
Livestock and Meat.....	8	Cotton.....	13
Dairy Products.....	8	Wool.....	14
Poultry and Eggs.....	9	Tobacco.....	15
Fats, Oils, and Oilseeds.....	9		

SUMMARY

High employment and increasing consumer incomes continue to support a strong demand for most farm products. Nevertheless, the general level of prices received by farmers has been declining, principally as a result of heavy marketings from the record 1948 crops and seasonally larger marketings of meat animals.

Industrial production has recovered to the record peacetime high reached early this year, following a moderate decline caused by vacations. Retail sales, seasonally adjusted, continue at a high stable level.

General commodity prices which started a rise last spring have leveled off. Wholesale prices of farm products and foods have declined during September and October while prices of non-agricultural commodities, as a group, have been relatively stable. However, price advances for certain industrial commodities, particularly the metals and metal products are continuing.

Commodity highlights.

Livestock marketings have increased seasonally and prices of meat animals have declined. Hog prices, which rose in August and September, dropped more than other meat animals from September to October. Prices of butter and cheese also declined sharply and in mid-October were lower than in October last year. Corn prices declined much more than seasonally during September and October and in mid-October averaged 6 cents below the U. S. average loan rate. Prices of wheat in October were generally at about loan levels. Domestic mill consumption of cotton in September was slightly above August this year and September 1947. Flue-cured tobacco auction prices this season will probably average near 50 cents per pound compared with 41.3 cents last season.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base Period	1947		1948			
		Year	Sept.	June	July	Aug.	Sept.
Industrial production <u>1/</u>	: 1935-39	:	:	:	:	:	:
Total.....	=100	: 187	186	192	186	191	191
All manufactures.....	do.	: 194	192	198	191	197	198
Durable goods.....	do.	: 220	216	222	219	222	223
Nondurable goods.....	do.	: 172	172	179	169	176	178
Minerals.....	do.	: 149	153	159	153	159	154
Construction activity <u>1/</u>	: 1935-39	:	:	:	:	:	:
Contracts, total.....	=100	: 274	319	350	357	355	
Contracts, residential.....	do.	: 348	412	434	458	451	
Wholesale prices <u>2/</u>	:	:	:	:	:	:	:
All commodities.....	: 1926=100	: 152	157	166	169	169	168
All commodities except	:	:	:	:	:	:	:
farm and food.....	do.	: 135	138	150	151	153	153
Farm Products.....	do.	: 181	186	196	195	191	189
Food.....	do.	: 169	179	181	188	190	186
Prices received and paid by	: 1910-14	:	:	:	:	:	:
farmers <u>3/</u>	=100	:	:	:	:	:	:
Prices received, all prod.....	do.	: 278	286	295	301	293	290
Prices paid, int. & taxes.....	do.	: 231	238	251	251	251	250
Parity ratio.....	do.	: 120	120	118	120	117	116
Consumers' price <u>5/ 6/</u>	: 1935-39	:	:	:	:	:	:
Total.....	=100	: 159	164	172	174	174	174
Food.....	do.	: 194	204	214	217	217	215
Nonfood.....	do.	: 140	142	148	150	151	
Income	:	:	:	:	:	:	:
Nonagricultural payments <u>4/</u> ..	: Bil.dol.	: 174.9	187.4	187.7	189.3	191.9	
Income of industrial work-	: 1935-39	:	:	:	:	:	:
ers <u>3/</u>	=100	: 332	346	361	361	376	
Factory payrolls <u>5/</u>	do.	: 353	368	382	383	404	
Weekly earnings of factory	:	:	:	:	:	:	:
workers <u>5/</u>	:	:	:	:	:	:	:
All manufacturing.....	: Dollars	: 49.26	50.47	52.95	53.08	53.86	
Durable goods.....	do.	: 52.47	54.06	56.23	56.48	57.83	
Nondurable goods.....	do.	: 45.87	46.80	49.37	49.50	49.77	
Employment	:	:	:	:	:	:	:
Total civilian <u>7/</u>	: Millions	: 58.0	58.9	61.3	61.6	61.2	60.3
Nonagricultural <u>7/</u>	do.	: 49.8	50.1	51.9	52.5	52.8	51.6
Agricultural <u>7/</u>	do.	: 8.3	8.7	9.4	9.2	8.4	8.7
Government finance (Fed.)	:	:	:	:	:	:	:
Income, cash operating.....	: Mil.dol.	: 3,909	4,718	5,105	2,404	3,227	
Outgo, cash operating.....	do.	: 3,431	3,964	4,340	2,765	3,005	
Net cash opr. income or outgo:	do.	: +478	+753	+765	-361	+221	

Annual data for the years 1929-47 appear on page 17 of the March 1948 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid, interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/ U. S. Dept. of Labor, BLS. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of the Census. 8/ U. S. Dept. of Treasury. Data for 1947 are on average monthly basis.

OUTPUT AND EMPLOYMENT

Total industrial output in September was maintained at the August level, which was about 3 percent above the relatively low levels of July, when vacation shutdowns and labor-management disputes resulted in a moderate decline in production from June levels. High activity in the steel, non-ferrous metals and machinery sectors offset curtailed motor vehicle output resulting mainly from labor-management disputes at some suppliers' plants and continued shortages of parts. The index of total production, seasonally adjusted, was 191 (1935-39=100) in September, the same as in August but 1 point below the June rate, and 3 points below the record of February.

Output of durable goods increased in September to 223 (1935-39=100), 1 point above August but 6 points below the peacetime high of 229 set in December 1947 and January and March of this year. Steel mill activity was at a rate of 96 percent of capacity, compared with a rate of 93 percent in August. Slight advances were also made in the output of non-ferrous metals, machinery and most types of transportation equipment. The weekly rate of motor vehicle output, however, declined 10 percent from that prevailing in August.

Nondurable goods production also increased further in September, rising to 178 (1935-39=100), 2 points above August, 9 points above this year's low of July, and only 1 point below the previous peacetime high of June. Increased activity in the textiles, foods, paper, leather and rubber products industries accounted for most of the rise. Output of petroleum products, however, declined about 4 percent as a result of labor-management disputes in California refineries.

According to preliminary indications, industrial production increased further in October, reaching the record levels of January and February of this year. Steel output in early October increased over that of September and motor vehicle production during the same period also increased sharply.

The value of residential construction underway in September was a near record high of 685 million dollars, second only to the total of 690 millions in August. In September 1947, the value was 540 million dollars. Much of the increase in the total value of residential construction from a year ago represented higher prices and work on dwelling units started early in the year. The number of dwelling units started has been declining steadily since May. In 1947, the number of starts increased steadily from January through October.

Total employment in September declined seasonally to 60.3 million persons, 900,000 fewer than in August but 1.4 millions greater than a year earlier. Most of the decline represented the withdrawal from the labor force of large numbers of teen-age workers who returned to school after Labor Day. Non-agricultural employment declined seasonally to 51.6 million persons, 1.2 millions fewer than in August but 1.5 millions greater than a year ago. Agricultural employment increased slightly from August to September to about the same level as in September 1947. Unemployment remained the same as in August, 1.9 million persons.

INCOME AND RELATED FACTORS

The seasonally adjusted annual rate of personal income increased in August to 215.1 billion dollars, 2.2 billions larger than in July and 24.3 billions greater than in August a year earlier. Increases in wages to some factory workers and government employees plus increased employment accounted for most of the rise in the total.

Continuing to reflect recent advances in wage rates and slight increases in employment, the annual rate of salary and wage receipts, seasonally adjusted, increased 2.9 billions in August to 134.7 billion dollars, 14.6 billions greater than a year earlier. Gross average weekly earnings of production workers in manufacturing industries increased to a new high of \$53.86 in August. The increase reflects for the most part continued gains in hourly earnings, particularly in the durable goods industries, where average hourly earnings increased from 140.6 cents in July to 142.2 cents in August.

High consumer incomes and a willingness to spend them were reflected by dollar sales at department stores in September. The seasonally adjusted index of dollar sales increased slightly to 313 (1935-39=100) in September, 6 percent above a year earlier. Sales during the past four months have remained relatively stable, fluctuating within the narrow range of 6 points.

Sales data by major departments within stores, however, indicate a variation in demand for various types and qualities of goods. For the first six months of 1948, for example, main store sales increased only 4 percent above the corresponding 6 months of 1947, whereas basement store sales increased 11 percent during the same period. This disparity seems to indicate an increasing pressure of high prices on consumer incomes, diverting sales from the relatively higher-priced main store merchandise to the lower-priced "special" merchandise of basement sales counters. As between goods of various types sold in the main stores, housefurnishings' sales scored the largest increase over year-ago levels, 9 percent, while sales of small wares, piece goods and household textiles, and men's and boy's wear either increased only slightly or declined from the levels of a year ago.

COMMODITY PRICES

Wholesale prices declined slightly from August to September, marking the first halt in the general rise in prices since February, when rather sharp declines occurred in the prices of some agricultural commodities. The BLS index of wholesale prices in September was 168.5 (1926=100), less than 1 percent below August, 7 percent above September a year earlier and still slightly above the post World War I peak of 167 reached in May 1920. A further decline in the general price level occurred in October, chiefly as a result of declines in the prices of farm products and food.

Table 1.- Group indexes of wholesale prices, week ended October 23, 1948,
with comparisons
(1926=100)

Group	Week	Week	Week	Week ended Oct. 23, 194	
	ended	ended	ended	Percentage change from	
	Oct. 23,	Sept. 25,	Oct. 25,	Week	Week
	1948	1948	1947	ended	ended
				Sept. 25,	Oct. 25,
				1948	1947
All commodities	165.3	168.7	158.0	- 2.0	+ 4.6
Farm products	183.8	190.8	190.7	- 3.7	- 3.6
Foods	178.8	187.8	176.2	- 4.8	+ 1.5
All other than farm and food	153.4	153.3	140.2	+ .1	+ 9.4
Hides and leather products	186.0	187.9	191.3	- 1.0	- 2.8
Textile products	146.2	146.7	142.1	- .3	+ 2.9
Fuel and lighting materials	138.1	137.8	117.4	+ .2	+ 17.6
Metal and products	172.6	171.8	151.3	+ .5	+ 14.1
Building materials	203.7	202.9	184.4	+ .4	+ 10.5
Chemicals and allied products	133.2	133.5	126.9	- .2	+ 5.0
Home furnishings	148.9	147.8	132.9	+ .7	+ 12.0

As indicated in Table 1, rather marked declines occurred between late September and late October in the prices of farm and food products. Prices of products other than farm and food remained steady, with slight increases in some groups offsetting declines in others. Prices of textile products during the period declined slightly, continuing the downward movement from the peak levels of June. With the exceptions of farm products, and hides and leather products, all groups are above year-ago levels, with prices of fuels and lighting materials, metals and metal products, and housefurnishings increasing most.

Prices received by farmers on October 15 averaged 4 percent below mid-September and 10 percent below the peak of January, as the BAE index of prices received by farmers declined to 277 (1910-14=100). A sharp decline in prices of feed grains and moderate declines in prices of oil-bearing crops and fruit were only partially offset by increases in prices of other crops. As a result crop prices generally were 2 percent below a month earlier. Average prices of livestock and livestock products declined 6 percent between mid-September and mid-October, as a result of sharp declines in meat animal and butterfat prices.

Table 2.- Group indexes of prices received by farmers
October 15, 1948, with comparisons

(August 1909-July 1914=100)

Group	October 15, 1948					
	Oct. 15, 1948		Sept. 15, 1948		Oct. 15, 1947	
					Percentage change from Sept. 15, 1948 to Oct. 15, 1947	
Food grains	226		223		- 1	- 25
Feed grains and hay	192		223		- 14	- 32
Cotton	251		250		1/	+ 2
Tobacco	418		406		+ 3	+ 17
Oil-bearing crops	270		282		- 4	- 22
Fruit	174		185		- 6	+ 5
Truck crops	176		150		+ 17	- 26
All crops	227		231		- 2	- 13
Meat animals	373		408		- 9	- 4
Dairy products	289		302		- 4	+ 2
Poultry and eggs	260		253		+ 3	+ 4
Livestock and products	323		343		- 6	+ 3
Crops and livestock and products	277		290		- 4	- 4

1/ Less than one-half percent increase.

On October 15, for the first time this year, the general level of farm prices was below the corresponding month in 1947. Prices received for food grains, feed grains and hay, oil-bearing crops and truck crops were down sharply from year-ago levels. Crop prices in general averaged 13 percent lower than a year ago, while prices received by farmers for livestock and livestock products were 3 percent above a year earlier.

Prices paid by farmers, interest and taxes averaged slightly lower on October 15, chiefly as a result of declines in prices of feed and food. The BAE index of prices paid by farmers, interest and taxes declined to 249 (1910-14=100) in mid-October, 1 point below mid-September but 10 points above a year earlier. The greater decline in prices received by farmers on October 15 relative to prices paid by farmers, interest and taxes, brought the parity ratio (the index of prices received by farmers divided by the index of prices paid, interest and taxes) down 5 points to 111, 10 points lower than a year earlier, and the lowest since November 1942. Farm wage rates on October 1 were 6 percent above a year earlier.

Urban consumer prices were unchanged in September from the August level, after rising steadily since April. The BIS index of urban consumer prices in September was 174.5, compared with 163.3 in September 1947. Preliminary indications point to a slight decline in October.

FARM INCOME

Farmers received around 3.7 billion dollars from the sale of farm products in October, 3 percent less than the record receipts in the same month last year. Receipts from livestock and products were probably 2 percent above last October while crop receipts were about 6 percent below a year ago. Prices received for all farm products in October were 4 percent below last year, with livestock prices about 3 percent higher and crop prices 13 percent lower.

Cash receipts from livestock and livestock products were above October of last year largely because of higher prices for meat animals and dairy products. Prices of many of the important crops such as wheat, corn, and flaxseed were down substantially from a year ago; and, while crop marketings on the whole were probably a little greater than last year, total crop receipts were down.

In the first 10 months of 1948, farmers took in about 25.0 billion dollars, or 4 percent more than in the same period last year. The increase was due to a 9 percent rise in receipts from livestock and products, as crop receipts were 3 percent lower. Prices that farmers received for all farm products during these months averaged 6 percent higher than last year, with livestock prices up 11 percent and crop prices showing little change. Receipts from meat animals, dairy products, and poultry and eggs were all substantially higher than a year ago, with a 13 percent gain in dairy products. Prices of all types of meat animals except hogs have been running higher than last year throughout the whole 10 months, but total slaughter of meat animals has been down a little. Cow numbers are lower than last year and milk production was down, especially in the first 6 months. The lower grain prices of the past few months, however, have resulted in higher rates of concentrate feeding, and higher production per cow has been obtained. Total milk production is still below last year, but prices have been higher and farmers' receipts from dairy products have been well above a year ago. Higher prices for poultry and eggs also have more than offset fewer sales of chickens, and receipts are up a little.

Farmers received less from crop sales during the first 10 months of this year, largely because of smaller receipts for corn, tobacco, and fruits. Reduced marketings of corn reflected the relatively small 1947 corn crop; and also corn prices have been lower in the last 3 months than in the same period last year. While tobacco prices have averaged a little higher than last year, marketings have been smaller. Marketings of most deciduous fruits have been smaller, and prices of both deciduous and citrus fruits have been down. Receipts from cotton, on the other hand, were above last year because of higher prices during the first half of the year combined with larger sales in recent months from the 1948 crop.

In September, farmers received about 3.1 billion dollars from all marketings, about the same as last year. Receipts from livestock and products of about 1.5 billion dollars were 6 percent greater than a year earlier, while crop receipts, around 1.6 billion dollars, were 4 percent below last year. Higher prices more than offset smaller marketings of meat animals, milk, and chickens. Lower receipts from corn and fruits more than offset higher receipts from cotton and tobacco.

LIVESTOCK AND MEAT

The fall increase in livestock marketings and meat output began abruptly in mid-September. Market receipts of sheep and cattle moved toward their seasonal peak. More hogs were marketed as farmers shipped many of their first animals to reach marketable weight. Total meat output about equaled that of the same time in 1947. Livestock marketings and meat supplies have been lower than a year earlier during most of 1948 and are likely to remain lower during the next two months.

Prices of meat animals generally declined from September to October. Hog prices fell most. Prices received by farmers in mid-October were \$2.70 lower than those in mid-September for hogs, \$2.10 for beef cattle, \$1.20 for veal calves, and \$1.30 for lambs. The price decline for hogs was faster and earlier than last year and than the usual seasonal movement. Prices of barrows and gilts at Chicago in early October were as low as the lowest price in the fall of 1947, which occurred in November. Hog prices recovered somewhat following the break. They may strengthen before resuming the normal seasonal pattern, but they are not expected to rise rapidly in December as they did last year, when contraseasonal price increases occurred.

Notwithstanding the recent relatively high level compared with last year, total meat production in the October-December quarter is likely to be moderately smaller than in 1947. Cattle and sheep slaughter is expected to be smaller and the pig crop last spring was 3 percent smaller than the spring crop of 1947. Meat consumption per civilian consumer in the fourth quarter may be around 3 pounds less than the 40.8 pounds in the same quarter of 1947.

The abundant feed supplies of this fall will not increase meat production significantly this year. No large increase in the quantity of meat available to consumers is expected until late in 1949. Additional output at that time will come from slaughter of the 1949 spring pig crop, which is likely to be much larger than the spring pig crop of 1948.

DAIRY PRODUCTS

Prices for several manufactured dairy products declined contraseasonally from mid-September to late-October. In part, this apparently reflected an adjustment from comparatively high levels reached earlier in the fall, in the face of increasing storage stocks. Another factor has been the moderate amounts of milk shifted from fluid milk and cream uses to manufacturing outlets. For butter, prices of which have declined most sharply, the decline in prices of vegetable oils probably was an important factor. The price of 92-score butter in late-October was 58.5 cents per pound compared with 65 cents a month earlier and 72.5 cents a year earlier. Butter prices advanced about 20 cents per pound from mid-October to mid-December 1947. The price of cheese in early October also was lower than a year earlier but prices for all other manufactured products and for fluid milk for current consumption were higher.

Production of butter and cheese in recent weeks has been slightly larger than a year earlier after running smaller for most of 1948. In the first 9 months of 1948 production of both butter and cheese was down about one-eighth from a year earlier. Output of evaporated milk for those 9 months was greater than a year earlier by 8 percent, but in September was 26 percent above September 1947.

Improved dairy product-feed price relationships have encouraged substantially heavier feeding rates per cow and the rate of milk output per cow on October 1 was higher than a year ago. Numbers of cows, however, are continuing to decline. Total milk production in September was 1 percent smaller than a year earlier.

Farmers will go into 1949 with fewer cows than a year earlier. But more favorable price relationships will tend to keep the rate of milk output per cow higher than in 1948.

POULTRY AND EGGS

With supplies seasonally smaller, the mid-October price received by farmers for eggs was 54.7 cents per dozen, 3.3 cents above September 15, 1948, and 0.6 cents lower than October, 1947. Farm marketings of chickens and turkeys increased seasonally during September and October. The farm price of chickens on October 15 was 29.9 cents per pound, 2.0 cents lower than September 15, and 3.3 cents higher than a year earlier. Turkeys, at 42.7 cents per pound were 8.0 cents above last October 15.

During the first 9 months of 1948, both farm and retail prices of eggs averaged somewhat higher than last year although United States farm egg production was down only one percent. Farm and retail prices of chickens and farm turkey prices have been at record or near-record levels in every month. With the substantial improvement in product-feed price ratios in recent months expected to continue through the 1949 hatching season, larger numbers of farm chickens and turkeys are likely to be raised in 1949.

However, marketings of eggs, farm chickens, and turkeys are not likely to exceed this year's levels before the latter half of 1949. With continued strong consumer demand, prices during the first few months of 1949 are likely to be close to 1948 levels. Expanded commercial broiler production during the last quarter of 1948 and the first half of 1949 will partially offset the effects of the decrease in marketings of farm chickens raised in 1948.

FATS, OILS, AND OILSEEDS

The index number of wholesale prices of 27 major fats and oils in October was about 225 (1935-39=100) compared with 245 in September and an average of 274 in the 1947-48 crop year.

Prices of inedible tallow, grease, tung oil, oiticica oil, and castor oil were materially below the 1947-48 average. The price of coconut oil, at 28 cents per pound (crude, Pacific Coast with 3 cents added to allow for processing tax) was substantially higher than in 1947-48 and was exceptionally high in relation to prices of competing soap fats and edible oils. This was partly due to stoppage of imports of copra and coconut oil at Pacific Coast ports, as a result of the longshoremen's strike.

October prices of crude cottonseed and soybean oils, at about 19 cents per pound, f.o.b. mill, were about 25 percent below the average for October 1947-September 1948. This decline probably represents most or all of the price adjustment that will be made as a result of the large

increase in production of these oils this crop year. Wholesale market prices of oilseed meals in October averaged about \$60 per ton, about 30 percent below the 1947-48 crop year average.

Prices to farmers for cottonseed in mid-October averaged \$63.70 per ton, 6 percent less than a month earlier and 26 percent below the 1947-48 season average price. Soybean prices to farmers, averaging \$2.27 per bushel, were 18 cents lower than in mid-September, when some old-crop soybeans were being marketed, and about 30 percent below the 1947-48 season average. However, the mid-October average was 9 cents above the support level of \$2.18 per bushel for green and yellow varieties.

Prices received by farmers in mid-October for peanuts averaged 10.4 cents per pound, the same as a month earlier but .3 cents above the 1947-48 season average.

The average price to farmers for flaxseed in mid-October was \$5.74 per bushel, nearly the same as a month earlier. Up to October 13, Commodity Credit Corporation had purchased 19 million bushels of new-crop flaxseed to support the price at \$6.00 per bushel, Minneapolis basis. The 1948 crop, estimated in October to be almost 50 million bushels, is substantially larger than needed to meet domestic needs. Up to 1944, the United States usually imported 5 to 15 million bushels of flaxseed a year.

CORN AND OTHER FEED

The mid-October index of prices received by farmers for feed grains was 38 percent lower than a year earlier. Corn prices declined much more than seasonally during September and October. In October the average farm price was 6 cents below the United States average loan rate of \$1.44 per bushel. Prices of other feed grains declined sharply during the summer months but have not changed greatly in recent weeks. Feed grain prices are expected to continue much lower than a year earlier, at least through this fall and winter than last. Prices of most of the byproduct feeds will be substantially lower this season. Protein feeds probably will average a little higher in relation to feed grain than in 1947-48.

Weather continued favorable through October for the maturity of the record corn crop. In October the total supply of all feed concentrates for 1948-49 was estimated at 166 million tons, which is nearly one-fourth larger than in 1947-48, when the supply was slightly below the prewar average. In relation to the number of grain-consuming livestock to be fed, this year's supply is the largest on record. This large supply and the favorable livestock-feed price ratios in prospect are expected to result in heavy rates of feeding during 1948-49.

The total domestic disappearance of corn, oats, and barley was about 14 percent smaller in July-September this year than last, reflecting the fewer livestock than a year ago and the much smaller quantity of corn available.

WHEAT

Prices of new crop wheat in late October were generally at or slightly above loan levels. This represented considerable change from the low point of about 18 cents below the loan reached at Kansas City on August 2. Terminal

congestion in the Southwest has been relieved by a heavy movement into export. Moreover, congested conditions did not develop to any marked extent in the Spring Wheat Area. With more adequate storage available for the better grades and with the poorer part of the crop largely marketed, wheat sales by farmers have been considerably reduced. And, it is to be expected that the loan and purchase program will encourage considerable withholding of wheat from markets at least until 1949 crop prospects are better known. Some market strength also has been derived from a reduction in cars for wheat resulting from the increased need for cars to move corn, soybeans and sorghum grains.

Beginning December 1, according to present plans, private exporters will undertake all the overseas wheat and flour business except to the occupied areas, Austria, China, Greece and Trieste, which will continue to be handled by the CCC. CCC July stocks plus purchases through October 27 totaled 218 million bushels, of which 192 million bushels was wheat and 26 million flour in terms of wheat. The quantity of wheat is sufficient to meet the announced CCC allocations through December. That of wheat in the form of flour is about 2-1/2 million short of meeting announced allocations through December.

With the continuation of the 90 percent support and the assurance given farmers that there will be no marketing quotas on the 1949 crop, it is generally expected that seedings of the 1949 crop will exceed the 77.7 million acres in 1948. Plantings in 1948 were restricted by unusually poor conditions at seeding time. Top soil also is dry this fall in the middle and southern portion of the Western Plains, and seeding has been slow. Subsoil moisture, however, is ample. Among the indications of the size of the 1949 acreage are those of the State Production Adjustment Committees which in the aggregate point to about 79 million acres, which is 2 percent above seedings for this year's crop, and 9 percent above the recommended national goal of 71.5 million acres.

Wheat stocks in the United States on October 1 totaled 1,142 million bushels, which compares with 1,128 million a year earlier. Since total supplies at the beginning of the marketing year (carry-over July 1 plus production) were approximately 1,479 million bushels, the indicated disappearance for the July-September quarter is 337 million bushels. Export, food and seed use is estimated at about 312 million bushels and the quantity used for feed at about 25 million bushels.

On the basis of the disappearance in the first quarter, estimated disappearance for the year beginning July 1 would be: Food, 500 million bushels; seed, 93 million; and feed, 110 million, leaving about 775 million bushels for exports in 1948-49 or carry-over July 1, 1949. With exports in July-December likely to reach about 285 million bushels, the total for the marketing year may well exceed 450 million bushels.

FRUIT

Prices that growers will receive for most fruits in November and December are expected to be near the levels of a year earlier. Supplies of fresh fruit will be plentiful, except for smaller supplies of apples and pears.

Because the 1948 crops of apples and pears are moderately smaller than the 1947 crops, prices for these two fruits are expected to be a little higher this fall than last. Later this winter, prices probably will rise about seasonally in contrast to declines last winter. Prices for fresh grapes in November and December also are expected to be a little higher than in the same month of 1947. But prices for the record large cranberry crop will be lower than last year.

In November and December, as markets become well supplied with 1948-49 crop grapefruit and oranges, prices are expected to decline and then level off near last year's prices. Although the new crop of grapefruit in Florida and Texas is estimated to be about 10 percent smaller than the 1947-48 crop, it still is about as large as the part of the crop that was marketed last season when 6 million boxes in these two states were not utilized because of low prices. A strong demand for oranges for processing is expected to help sustain prices for oranges even though the 1948-49 crop of early and midseason oranges is slightly larger than the 1947-48 crop and sets a new high record.

COMMERCIAL TRUCK CROPS

For Fresh Market

Demand for fresh vegetables this fall and winter probably will be at least as strong as a year earlier. Because supplies in general are about one-sixth larger, prices are expected to be somewhat lower than last fall and winter, but will rise seasonally. Cabbage, cauliflower, carrots, lettuce and tomatoes make up about 90 percent of total fall commercial supplies. The crops of cabbage, cauliflower and tomatoes are larger than last year and larger than average. The crops of carrots and lettuce are slightly smaller than last year, but considerably above average. On the other hand, appreciably smaller supplies and higher prices are likely this fall than last for cucumbers and green peppers.

For Processing

The 1948 pack of commercially canned vegetables apparently will be about one-tenth smaller than the 1947 pack, with most of the decrease in canned tomato juice or other tomato products. Total stocks of canned vegetables held by packers and by wholesale distributors are believed to be slightly smaller than a year earlier.

The commercial pack of frozen vegetables this year is expected to be somewhat larger than last year. Stocks of frozen vegetables in commercial cold storage are almost one-tenth smaller than a year earlier.

Consumption of canned and frozen vegetables this fall and winter is expected to be about as high as a year earlier. No substantial reductions in retail prices of canned or frozen vegetables are expected in the next several months. Supplies of canned sweet corn, green beans, and beets will be relatively most plentiful compared with last winter.

POTATOES AND SWEETPOTATOES

With a 1948 potato crop of 418 million bushels (October 1 estimate), there appears little chance of prices to farmers rising much above the level of price support this fall and winter. Ninety percent of parity for potatoes on July 1 of this year, which determines the level of support for the late crop, was \$1.67 per bushel or 14 cents per bushel higher than a year earlier. Actual prices received by growers in July, August, September, and October of this year were slightly lower than a year earlier. Prices which potato growers will receive in November and December are expected to be about the same as those received a year earlier.

At current levels of production and price-support, it has been necessary for the Government to buy large quantities of 1948-crop potatoes in order to support prices. About 47 million bushels had been purchased by the Government through mid-October. Further large purchases probably will be necessary, and total price-support purchases might approach one-sixth of the entire 1948 crop.

Prices received by farmers for sweetpotatoes are expected to rise gradually after reaching a seasonal low point in November. The small crop this year and the expectation of continued strong consumer demand for food this winter suggest somewhat higher prices to farmers for sweetpotatoes this season than last. Except for 1940, the 1948 crop is the smallest since 1925 and is one-fifth smaller than the recent 10-year average.

Price-support purchases of the Golden variety of sweetpotatoes have been required again this year on the Eastern shore of Virginia and Maryland and in North Carolina. During the early part of the harvesting season quantities dug and offered for sale in these areas were larger than the regular market outlets would absorb currently at support prices. Through October 18, nearly 115,000 bushels had been purchased for price support.

COTTON

Cotton prices in the ten spot markets held close to 31.20 cents per pound through September and first half of October. The low for this period was 30.97 on September 2, while the high of 31.38 cents occurred on September 15 and 17. The September-October average of 31.20 cents per pound is less than 0.5 cents below the average price in these markets for the corresponding two-month period a year ago. The mid-October price of 31.07 cents received by farmers is slightly above 30.94 cents a month earlier and compares with 30.65 cents for mid-October 1947.

Domestic mill consumption of cotton for September was reported at 739,000 bales as compared with 729,000 bales for both August and September 1947. Consumption of 1,468,000 bales for the first two months of the current marketing year is 2 percent above that of 1,441,000 bales for the same two months of last season.

Cotton in consuming establishments on September 30 totaled 1,282,000 bales, or about 13 percent above the same date a year ago. Total stocks in public storage and at compresses of 4,140,000 bales were 60 percent above September 30, 1947.

Despite the larger supply of cotton as compared with a year ago, the sales of spot cotton in the ten markets during September of 769,000 bales was over 100,000 bales below last September. The smaller volume of sales continued up to mid-October and sales for the first two weeks of October were 25 percent below a year ago.

Exports of raw cotton during August totaled 115,000 running bales. This is slightly more than three times the unusually low exports of 37,000 bales for the corresponding month of the previous season. Larger exports to France, Italy, Canada, and China, accounted for the increase. Exports of cotton textiles amounting to 64 million square yards in August were 55 percent below a year ago.

The October 1 cotton report indicated a 1948 crop of 15,079,000 bales of 500 pounds, gross weight. The October estimate was 140,000 bales smaller than the September 1 report. On a running bale basis, the supply of cotton for the 1948 season including a carryover of 3 million bales is estimated at 18.1 million bales. Ginnings prior to October 15, totaled 8.1 million bales or 55 percent of the crop. Ginnings to date show that grade of cotton is running below last year's crop while the staple length is averaging somewhat longer.

WOOL

Demand for fine wool eased somewhat early in September after the opening of the 1948-49 auctions in foreign markets. At the close of the London sales on October 1, 64's-70's good medium fleeces were quoted at \$1.85 per pound, clean basis, compared with \$1.97 at the close of sales on July 23. This drop in fine wool prices in foreign markets has been reflected in prices of spot foreign wools at Boston. Australian 64's-70's good top-making wool, which was quoted at \$1.82, in bond at Boston, on September 3, was quoted at \$1.62 on October 22. Prices may stabilize at present levels or advance somewhat because of the relatively small world supply of choice fine wools. Prices for medium wools showed little change from the previous month and probably will remain at or near present levels for the remainder of the season.

During the first eight months of 1948, Commodity Credit Corporation holdings were reduced from 333.8 million pounds, grease basis, to 135.0 million pounds. Most of the reduction was in fine and half-blood wools. On January 1, these wools accounted for 49 percent of total CCC stocks. By August 31, however, the proportion had been reduced to 14 percent.

During January-August, imports of dutiable apparel wool for consumption totaled 329 million pounds, actual weight basis, about 2 percent less than during the same period last year. A more than seasonal decline in imports probably will take place during the remainder of the year due to the sharp rise in prices in foreign markets during the second quarter. Imports of duty-free wools of 256 million pounds were 98 percent greater than during the corresponding period in 1947.

Domestic mills consumed 584 million pounds, grease basis, of apparel wool during January-July, consisting of 294 million pounds of foreign and 290 million pounds of domestic wool. The average weekly rate of consumption during this period, on a scoured basis, was 3 percent below the rate for the same period in 1947.

TOBACCO

Demand for flue-cured continues strong. Auction prices for the season as a whole will probably average nearly 50 cents per pound compared with 41.3 cents last season. Over 9/10 of the 1948 crop has been marketed. Although average prices have been well above the support level, approximately 7 percent of the gross sales have been placed under government loan. This is a substantially smaller quantity than last season when about 13 percent of the second largest crop ever grown was received by the Stabilization Corporation for government loans.

Burley auctions will open on November 29. The Burley loan rate is 5 percent above last season, but a firm demand is expected to keep average prices above the support level. The 1948 crop is now estimated at about 5 percent above that of 1947, but 1948-49 supplies are slightly lower than 1947-48 because of the reduction in stocks which occurred during the 1947-48 season.

Cigarette consumption as indicated by tax-paid withdrawals for September totaled 30 billion compared with 29 billion for the same month a year ago. For the first 9 months of 1948 cigarette production exceeded the same period of 1947 by 5 percent.

Indicated tax-paid withdrawals of large cigars in September were 545 million compared with 484 million in September a year ago. Cigar consumption for the first 9 months of 1948 was 3 1/2 percent larger than the January-September period in 1947.

The January-September 1948 consumption of manufactured tobacco (smoking and chewing) was nearly equal to that of the same months of 1947 and snuff gained 5 1/2 percent.

With a continuation of high employment and consumer incomes in 1949, consumption of most tobacco products will equal or exceed that of 1948. The outlook for chewing tobacco is least favorable since it has been declining over the long term.

Exports of unmanufactured tobacco by the United States in August totaled 44 million pounds compared with 28 million pounds last August. Substantial purchases of 1947 crop flue-cured by the United Kingdom last May are reflected in this total. Exports of tobacco in the 1948-49 crop year are expected to exceed those of 1947-48 with the assistance of the LCA to Western European countries a major factor.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

OFFICIAL BUSINESS

BAE-DPS-01/48-4700
Permit No. 1001

